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# THE SEDONA CONFERENCE

## *Commentary on Patent Litigation Best Practices: Willful Infringement Chapter*

A Project of The Sedona Conference  
Working Group on Patent Litigation  
Best Practices (WG10)

JULY 2020 PUBLIC COMMENT VERSION



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**Author:** The Sedona Conference

**Editor-in-Chief:** Matthew Powers

**Managing Editor:** Jim W. Ko

**Chapter Editor:** Cyrus A. Morton

**Contributing Editors:** Michael Brody  
George F. Pappas  
Brian Rosenthal  
John A. Scott

**WG10 Judicial Advisor:** Hon. Cathy Bissoon

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## *Preface*

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Welcome to the July 2020 Public Comment Version of The Sedona Conference *Commentary on Patent Litigation Best Practices: Willful Infringement Chapter*, a project of The Sedona Conference Working Group on Patent Litigation Best Practices (WG10). This is one of a series of Working Group commentaries published by The Sedona Conference, a 501(c)(3) research and educational institute dedicated to the advanced study of law and policy in the areas of antitrust law, complex litigation, and intellectual property rights. The mission of The Sedona Conference is to move the law forward in a reasoned and just way.

WG10 was formed in late 2012 under the leadership of its now Chair Emeriti, the Honorable Paul R. Michel and Robert G. Sterne, and led from 2014 to 2017 by Chair Emeritus Gary Hoffman. The Sedona Conference and the entire patent litigation community owe them a great debt of gratitude. The mission of WG10 is “to develop best practices and recommendations for patent litigation case management in the post-[America Invents Act] environment.” The Working Group consists of approximately 200 active members representing all stakeholders in patent litigation.

The WG10 Willful Infringement Chapter drafting team was launched in 2016, and the draft Willful Infringement Chapter was a focus of dialogue at the WG10 Annual Meeting in Houston in February 2017. Chapter Editors Matthew Powers and Cyrus A. Morton have reviewed the comments received through the Working Group Series review and comment process.

This Chapter represents the collective efforts of many individual contributors. On behalf of The Sedona Conference, I thank in particular Matthew Powers, who assumed the position as Chair of WG10 in January 2019 and now serves as Editor-in-Chief for all chapters of this *Commentary on Patent Litigation Best Practices*. I also thank everyone else involved for their time and attention during the drafting and editing process, including: Michael Brody, Chuck Ebertin, Cyrus A. Morton, George F. Pappas, Brian Rosenthal, and John A. Scott. In addition, I thank volunteer Alyssa N. Lawson for her special assistance and contributions to this effort.

The Working Group had the benefit of candid comments by the Honorable Cathy Bissoon, who is serving as Judicial Advisor for this Willful Infringement Chapter. The statements in this Commentary are solely those of the nonjudicial members of the Working Group; they do not represent any judicial endorsement of the recommended practices.

This drafting team process was a particularly lengthy and challenging effort, reflecting the complexities of and high stakes involved in the subject matter. We formed a special Steering Committee subcommittee of our current and past WG9/WG10 Chair/Vice-chairs and Judicial Advisors to address all issues raised. With this subcommittees’ guidance, the WG10 Steering Committee has reached consensus on this Chapter and approves its publication for public comment.

Please note that this version of the *Commentary on Patent Litigation Best Practices: Willful Infringement Chapter* is open for public comment through September 30, 2020, and suggestions for improvements are welcome. After the deadline for public comment has passed, the drafting team will review the comments and determine what edits are appropriate for the final version. Please send comments to [comments@sedonaconference.org](mailto:comments@sedonaconference.org) or fax them to 602-258-2499.

The Chapter will be regularly updated to account for future significant developments impacting this topic. The Sedona Conference hopes and anticipates that the output of its Working Groups will evolve into authoritative statements of law, both as it is and as it should be.

Craig W. Weinlein  
Executive Director  
The Sedona Conference  
July 2020

## *Foreword*

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This WG10 Chapter on Willful Infringement provides Best Practice recommendations to help the courts manage this issue in light of the Supreme Court’s *Halo* decision discarding the prior *Seagate* standard and making clear that enhanced damages are appropriate only in egregious cases.

This drafting process was a challenging one, with fundamental points of disagreement raised concerning in particular the scope and presentation of the Supreme Court’s *Halo* decision, and the subsequent applicability of the Federal Circuit’s predecessor *Read* decision and its nine nonexclusive factors for the enhancement of damages. The presentation of both cases, their underlying issues, and their impact on the presentation and resolution of willful infringement claims by and to the bench and bar reflects the consensus, nonpartisan approach of The Sedona Conference.

The editors would like to express their appreciation to the members of the drafting team and the judicial advisor for their valuable input and thoughtful commentary in reaching a balanced consensus on difficult issues, including what constitutes “egregious” behavior required for a finding of willfulness.

Matthew Powers  
Editor-in-Chief  
Chair, Working Group 10 Steering Committee

Cyrus A. Morton  
Chapter Editor

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## *Willful Infringement Best Practices “At a Glance”*

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## I. Introduction

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In 2016, the Supreme Court’s *Halo Electronics, Inc. v. Pulse Electronics, Inc.*<sup>1</sup> decision held that district courts could exercise discretion to increase damages without following the inelastic two-part *Seagate* test formulated by the Federal Circuit, which had required plaintiffs to prove, by clear and convincing evidence, both that (1) the infringer acted despite an *objectively* high likelihood that its actions constituted infringement of a valid patent and (2) that the risk of infringement was either *subjectively* known or so obvious that it should have been known to the accused infringer.<sup>2</sup>

In *Halo*, the Court eliminated the “objective” prong of the test. *Halo* replaced the objective test with a focus on the egregiousness of the defendant’s infringement behavior, measured by the conduct itself and/or the defendant’s intent at the time of infringement. The Court noted that enhanced damages awards “are not to be meted out in a typical infringement case, but are instead designed as a ‘punitive’ or ‘vindictive’ sanction for egregious infringement behavior.” While noting that “Section 284 allows district courts to punish the *full range* of culpable behavior,” the Court noted that that did not mean “that enhanced damages must follow a finding of egregious misconduct.” The Court explained that “[t]he sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant,” and “characteristic of a pirate.”<sup>3</sup> While summary judgment regarding willful infringement is certainly feasible, a determination is an inherently factually intensive issue.

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<sup>1</sup> 136 S. Ct. 1923 (2016).

<sup>2</sup> *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).

<sup>3</sup> *Halo*, 136 S. Ct. 1932, 1933.



## II. Pleading Willful Infringement

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### A. PRE-LITIGATION ISSUES

**Best Practice 1** – To preserve a willful infringement claim, the patent holder should take steps to put potential infringers on actual notice of infringement. The law is still developing as to what constitutes the minimum requisite knowledge to support a willful infringement claim in a complaint or in a pre-suit notice letter.

After *Halo*, it remains the law that knowledge of the patent is required for a claim of willful infringement.<sup>4</sup> However, the law is still developing as to what level of detail beyond the identification of the allegedly infringed patents and of the infringing product will satisfy the knowledge requirement.

First, it is unclear whether marking the patented products will satisfy the knowledge requirement. In *WBIP v. Kohler*, the Federal Circuit relied on the fact of marking in addition to other evidence to find the knowledge requirement satisfied, but did not hold that marking alone would suffice.<sup>5</sup>

Second, while the knowledge requirement is satisfied if the patentee provides actual notice of infringement through a sufficiently detailed notice letter,<sup>6</sup> it is unclear whether willful blindness can satisfy the knowledge requirement and, if so, under what circumstances. For example, in *Intel v. Future Link*, the district court denied a motion for summary judgment of no willfulness when patentee alleged no actual knowledge but alleged, among other things, willful blindness, a lack of evidence of investigation of infringement, and a corporate culture of turning a “blind eye” to patents generally.<sup>7</sup> In contrast, in *Ansell Healthcare Products LLC v. Reckitt Benckiser LLC*, the court granted summary judgment of no willfulness, finding that willful blindness does not satisfy the knowledge requirement where it is with respect to a portfolio generally rather than the specific patents-in-suit.<sup>8</sup> Other decisions enforce a fairly strict standard for knowledge.<sup>9</sup>

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<sup>4</sup> *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341 (Fed. Cir. 2016).

<sup>5</sup> *Id.* at 1342; *see also Halo*, 136 S. Ct. 1923, 1933 (2016) (discussing the recklessness standard for awarding punitive damages in connection with the meaning of willfulness—“a person is reckless if he acts ‘*knowing or having reason to know*’ of facts which would lead a reasonable man to realize’ his actions are unreasonably risky”) (emphasis in original).

<sup>6</sup> *See SRI Int’l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1470 (Fed. Cir. 1997) (notice is satisfied “when the recipient is informed of the identity of the patent and the activity that is believed to be an infringement, accompanied by a proposal to abate the infringement, whether by license or otherwise”).

<sup>7</sup> *Intel Corp. v. Future Link Sys., LLC*, 268 F. Supp. 3d 605, 623 (D. Del. 2017).

<sup>8</sup> No. 15-cv-915-RGA, 2018 WL 620968, at \*7 (D. Del. Jan. 30, 2018).

<sup>9</sup> *See, e.g., State Indus. v. A.O. Smith Corp.*, 751 F.2d 1226, 1233 (Fed. Cir. 1985) (knowledge of pending application or parent patent of patent-in-suit insufficient); *Longitude Licensing v. Apple Inc.*, No. C-14-04275-EDL, 2015 WL 1143071, at \*3 (N. D. Cal. Mar. 13, 2015) (participating in same market and general knowledge of patent portfolio insufficient); *DermaFocus LLC v. Ulthera, Inc.*, 201 F. Supp. 3d 465 (D. Del. 2016) (the defendant’s founder listing patent-in-suit as a prior art reference in a patent application 11 years earlier insufficient).

Given the uncertainties of the law in this area, the patent holder is best served providing actual notice of infringement to potential infringers, by pre-suit notice letter and/or in the initial complaint if possible.

Detailed claim charts may be helpful but are not necessarily required in a pre-suit notice letter to support a subsequent willful infringement claim, but what level of detail is required is currently unclear and is largely determined on a case-by-case basis.<sup>10</sup> Presumably notice provided that would meet the knowledge requirement in an initial complaint to support a willful infringement claim would also meet the knowledge requirement in a pre-suit notice letter as well.

**Best Practice 2 – Once an entity is on notice of a potential infringement claim, it should take steps to protect itself from a claim of willful infringement, with the understanding that such steps will be very context dependent.**

As stated above, the law is still developing as to what satisfies the knowledge requirement for willful infringement. While the case law frequently finds willful infringement when a defendant demonstrates (1) awareness of the patent and (2) evidence of intentionally copying a patentee's patent or patented product, post-*Halo* case law holds that the willfulness inquiry is factually dependent, and many types of facts can be relevant.

A potential defendant should consider a number of potential actions to ensure that it is not found to willfully infringe a patent. Among the considerations, potential defendants should evaluate the level of detail in a notice letter to determine how to respond and whether further information is required to investigate the allegations. The defendant should consider that it may need to identify admissible facts to demonstrate to the fact finder its reasonable investigation and reliance on its internal determination of how to respond to the notice letter. Relevant factors may include whether the parties had prior business dealings related to the patent or the patented product and whether the parties are competitors.<sup>11</sup> The defendant should also consider whether to investigate prior art, whether to obtain an opinion of competent and qualified counsel,<sup>12</sup> and whether engineers involved in the development of the accused system should evaluate the patent. In its evaluation of how to prepare a defense to a later charge of willfulness, the entity may have to weigh pragmatic considerations, including the number of notice letters received by the entity each year and the internal procedures and practices of the defendant in evaluating such claims. In the end, an entity on notice of potential infringement needs to make a decision about what response it can present to a jury, consistent with pragmatic and other considerations, to demonstrate its lack of bad faith. A potential defendant may also consider filing a declaratory judgment claim of noninfringement if it does not believe it infringes.

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<sup>10</sup> *Cascades AV LLC v. Evertz Microsystems, LTD*, No. 17 CV 7881, 2019 WL 172759 at \*7 (N.D. Ill. Jan. 11, 2019) (finding a letter sufficient to allege knowledge and rejecting the defendants argument that the letter could not “suffice to establish its knowledge of the patents because it did not include a claim chart, did not specifically identify accused products, or provide notice well enough in advance of the filing of this lawsuit”).

<sup>11</sup> *Georgetown Rail Equip. Co. v. Holland*, 867 F.3d 1229 (Fed. Cir. 2017).

<sup>12</sup> *Arctic Cat Inc. v. Bombardier Rec. Prods. Inc.*, 876 F.3d 1350 (Fed. Cir. 2017).

## B. SUFFICIENCY OF PLEADING

A pleading of willful infringement needs to contain sufficient factual allegations to plausibly demonstrate that the Defendant's infringement conduct met the standard announced in *Halo*. Courts that addressed the issue have generally held that patentees pleading willful infringement only need to comply with the pleading standards of Rule 8, rather than the heightened standards of Rule 9.<sup>13</sup> As interpreted, Rule 8 requires patentees to plead "factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged."<sup>14</sup>

Some district courts interpreting this language have continued to use some of the factors listed in the Federal Circuit's opinion in *Read v. Portec* as a guide for evaluating willfulness.<sup>15 16</sup>

One question is whether an allegation that a defendant was on notice of infringement and still continued its infringement is sufficient to plead willfulness after *Halo*. District courts are split on this question. Some courts have held that such a pleading is sufficient.<sup>17</sup> Conversely, other courts have

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<sup>13</sup> See *Mitutoyo Corp. v. Cent. Purchasing, LLC*, 499 F.3d 1284, 1290 (Fed. Cir. 2007) (citing *Ferguson Beauregard/Logic Controls, Division of Dover Res., Inc. v. Mega Sys., LLC*, 350 F.3d 1327, 1343 (Fed. Cir. 2003) ("Willfulness does not equate to fraud, and thus, the pleading requirement for willful infringement does not rise to the stringent standard required by Rule 9(b)."); see also *Finjan, Inc. v. SonicWall, Inc.*, Case No. 17-cv-04467-BLF, 2018 WL 2234370 at \*5 (N.D. Cal. May 16, 2018) (stating plaintiff "need not prove its willful infringement claims in its pleading" but "only needs to plead factual allegations, when accepted as true, 'state a claim to relief that is plausible on its face'"). For a general discussion of pleading standards for patent infringement cases, see also The Sedona Conference, *Commentary on Patent Litigation Best Practices: Pleading Standards Under Iqbal/Twombly Chapter* (Oct. 2017), [https://thesedonaconference.org/publication/Pleading\\_Standards](https://thesedonaconference.org/publication/Pleading_Standards).

<sup>14</sup> *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

<sup>15</sup> See, e.g., *Finjan, Inc. v. Blue Coat Sys.*, No. 13-cv-03999-BLF, 2016 WL 3880774, at \*16 (N.D. Cal. July 18, 2016); *Greatbatch Ltd. v. AVX Corp.*, No. 13-723-LPS, 2016 WL 7217625, at \*5 (D. Del. Dec. 13, 2016). But see *M & C Innovations, LLC v. Igloo Prods. Corp.*, No. 4:17-CV-2372, 2018 WL 4620713, at 2 n.2 (S.D. Tex. July 31, 2018) (noting that using the *Read* factors to determine whether an infringer's conduct was willful "is not a strictly correct statement of law" and stating that determining willfulness is based on *Halo*'s flexible framework, "not the *Read* factors").

<sup>16</sup> *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992), *abrogated on other grounds by Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (en banc). For a more detailed discussion of the *Read* factors, see Sect. VI (The Award of Enhanced Damages), *infra*.

<sup>17</sup> See, e.g., *Bio-Rad Labs. Inc. v. Thermo Fisher Sci. Inc.*, 267 F. Supp. 3d 499, 501 (D. Del. 2017) (stating that "[a]t the pleading stage, it is not necessary to show that the case is egregious" and finding willful infringement to be sufficiently alleged where the facts allowed the court to plausibly infer that the defendant intentionally or knowingly infringed the patent-in-suit); *Shire Viropharma Inc. v. CSL Behring LLC*, No. 17-414, 2018 WL 326406, at \*3 (D. Del. Jan. 8, 2018) ("Even after *Halo*, broader allegations of willfulness, without a specific showing of egregiousness, are sufficient to withstand a motion to dismiss."); *Ioengine, LLC v. Paypal Holdings, Inc.*, Civil Action No. 18-452-WCB, 2019 WL 330515, at \*7 (D. Del. Jan. 25, 2019) ("Since the Supreme Court's decision in [*Halo*], courts in this district have held that it is not necessary for the plaintiff to plead that the defendant has engaged in some form of egregious conduct in order to avoid dismissal on the pleadings"); *Crypto Research, LLC v. Assay Abloy, Inc.*, 236 F. Supp. 3d 671, 688 (E.D.N.Y. 2017); *Progme Corp. v. Comcast Cable Commc'ns. LLC*, No. 17-1488, 2017 WL 5070723, at \*12 (E.D. Pa. Nov. 3, 2017); *Puget Bioventures, LLC v. Biomet Orthopedics, LLC*, 325 F. Supp. 3d 899, 911 (N.D. Ind. 2018); *M & C Innovations, LLC v. Igloo Prods. Corp.*, No. 4:17-CV-2372, 2018 WL 4620715, at \*4 (S.D. Tex. June 12, 2018) ("[A]n allegation that a defendant continues its allegedly infringing conduct even after receiving notice of a complaint is sufficient to at least state a claim for willful infringement.").

held that the plaintiff must plead egregiousness facts as well.<sup>18</sup> The Federal Circuit has not addressed this issue directly, but two recent decisions provide inconsistent guidance. In *SRI International v. Cisco Systems, Inc.*,<sup>19</sup> the court vacated a jury finding of willfulness, holding that “we conclude that the record is insufficient to establish that Cisco’s conduct rose to the level of wanton, malicious, and bad-faith behavior required for willful infringement.” However, a later panel in *Eko Brands, LLC v. Adrian Rivera Maynez Enterprises, Inc.*<sup>20</sup> noted, in reviewing a jury instruction on willfulness, that “Under *Halo*, the concept of “willfulness” requires a jury to find no more than deliberate or intentional infringement,” and that the issue of egregiousness was relevant only to the court’s subsequent decision whether to enhance damages. It is interesting that, on remand, the district court in *SRI* specifically noted the inconsistency between the Federal Circuit’s opinions in *Eko Brands* and *SRI* and followed the *SRI* requirement of egregiousness for a finding of willfulness.<sup>21</sup>

The Federal Circuit has noted that *Halo* did not disturb prior precedent finding that there is a right to a jury trial on willfulness.<sup>22</sup> The Federal Circuit noted that a jury verdict of willful infringement is not a finding that there should be enhanced damages, rather “[w]hether the conduct is sufficiently egregious as to warrant enhancement and the amount of the enhancement that is appropriate are committed to the sound discretion of the district court.”<sup>23</sup> Thus, to the extent that egregiousness facts are available, the ability to meaningfully pursue willfulness certainly counsels the development of evidence of egregious conduct as part of the ultimate showing to the court.

In cases where the complaint alleging infringement is the first notice provided to the accused infringer of the patent, a plaintiff might attempt, after waiting a period of time, to seek leave to file an amended complaint adding a claim of willful infringement alleging that the original complaint provided notice of the patent and infringement, and that, in the absence of a good-faith substantive defense to the allegations,<sup>24</sup> the defendant continued infringement notwithstanding such notice.

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<sup>18</sup> See, e.g., *Varian Med. Sys. v. Elekta AB*, No. 15-871-LPS, 2016 WL 3748772, at \*8 (D. Del. July 12, 2016); *CG Tech. Dev., LLC v. Zynga, Inc.*, No. 2:16-cv-00859-RCJ-VCF, 2017 WL 662489, at \*4 (D. Nev. Feb. 17, 2017); *Cont’l Circuits LLC v. Intel Corp.*, No. CV16-2026 PHX DGC, 2017 WL 679116, at \*11 (D. Ariz. Feb. 21, 2017).

<sup>19</sup> *SRI Int’l, Inc. v. Cisco Sys.*, 918 F.3d 1368, 1381 (Fed. Cir. 2019).

<sup>20</sup> *Eko Brands, LLC v. Adrian Rivera Maynez Enters.*, 946 F.3d 1367, 1378 (Fed. Cir. 2020).

<sup>21</sup> *SRI Int’l, Inc. v. Cisco Sys.*, No. 13-1534-RGA, 2020 WL 1285915, at \*1, n.1 (D. Del. Mar. 18, 2020).

<sup>22</sup> *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341 n.13 (Fed. Cir. 2016).

<sup>23</sup> *Id.*

<sup>24</sup> As noted in *Halo*, willful infringement may still be found where a good-faith substantive defense existed only after defendant’s decision to continue its infringing activity after receiving notice of the patent. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933 (2016) (“The *Seagate* test aggravates the problem by making dispositive the ability of the infringer to muster a reasonable (even though unsuccessful) defense at the infringement trial. But culpability is generally measured against the knowledge of the actor at the time of the challenged conduct.”); see also *WBIP*, 829 F.3d at 1341 (“Proof of an objectively reasonable litigation-inspired defense to infringement is no longer a defense to willful infringement.” *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, No. 5:11-cv-761 (GLS/DEP), 2016 WL 6537977, at \*7 (N.D.N.Y. Nov. 3, 2016) (awarding double damages as enhancement, noting that reliance upon a prior legal decision involving the same patents as a reasonable belief of noninfringement was misplaced because “it was decided years after Corning knew of both PPC’s patents and infringement allegations”), *aff’d without opinion*, 714 Fed. App’x. 1022 (Fed. Cir. 2018).

However, a defendant in such a case will likely point out that *Halo* cannot be read to open the door to willfulness liability in every garden-variety patent case.<sup>25</sup> To the contrary, *Halo* emphasized that willfulness is applicable to “egregious cases typified by willful misconduct,” citing the example of a “‘wanton and malicious pirate’ who intentionally infringes another’s patent—with no doubts about its validity or any notion of a defense—for no purpose other than to steal the patentee’s business.”<sup>26</sup>

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<sup>25</sup> See, e.g., *SRI Int’l, Inc. v. Cisco Systems, Inc.*, 918 F.3d 1368, 1381 (Fed. Cir. Mar. 20, 2019) (finding the record was insufficient to show willful infringement, vacating the willfulness finding and enhancement, and remanding post-notice willfulness for further consideration).

<sup>26</sup> *Halo*, 136 S. Ct. 1923, 1932 (2016). Justice Breyer’s concurrence further noted that “the Court’s references to ‘willful misconduct’ do not mean that a court may award enhanced damages simply because the evidence shows that the infringer knew about the patent and nothing more.” *Id.* at 1936 (Breyer, J., concurring).

### *III. Discovery of Willfulness Evidence*

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#### A. WILLFULNESS EVIDENCE UNRELATED TO ADVICE OF COUNSEL

**Best Practice 3 – Where the issue of willfulness has been properly raised in the pleadings, discovery should proceed in the ordinary course as to relevant evidence that is not related to advice of counsel.**

Although not necessary to counter a claim of willfulness, advice of competent counsel can be part of a defense to a claim of willfulness.<sup>27</sup> Except where it relates to the advice of counsel, or reliance on the advice of counsel, willfulness and other enhanced damages discovery should be treated like any other type of factual discovery. Thus, where the issue of willfulness and enhanced damages has properly been placed in issue by the pleadings, pertinent facts are within the broad scope of discovery contemplated by Rule 26, and the pertinent case management issues should be addressed along with other such issues at the pretrial conference and in any pretrial or docket control orders pursuant to Rule 16.

#### B. WILLFULNESS EVIDENCE RELATED TO ADVICE OF COUNSEL

Discovery relating to an accused infringer's reliance on the advice of counsel warrants special treatment because the defense necessarily entails a waiver of the attorney-client privilege and, potentially, other privileges and immunities. In turn, such waivers pose difficult questions concerning the scope of the waiver and the scope of permitted discovery. As discussed in more detail below, the consensus of WG10 is that discovery of reliance evidence should not commence until the accused infringer elects to put reliance at issue, and the accused infringer should not be required to choose whether or not to waive privilege until the record is sufficiently developed to make an informed judgment possible. As discussed below, a *Markman* order construing the claims may be an important factor in the decision. However, the decision to defer the election of a reliance-on-counsel defense should not prejudice the patent owner either by squeezing the relevant discovery into an insufficient period of time or by forcing avoidable delays in the trial schedule. To avoid such risks, WG10 recommends, as a Best Practice, that an election to rely on an advice-of-counsel defense should include full disclosure of the scope and nature of the reliance and clear identification of the scope of any privilege or immunity that the accused infringer continues to assert. WG10 recommends that the parties and the court anticipate the foreseeable disputes that may arise from such an election and build into the trial schedule a realistic timeline for resolving such disputes and concluding reliance-on-counsel discovery without disruption of the trial schedule.

**Best Practice 4 – Discovery of willfulness evidence relating to the advice of counsel should not proceed until the accused infringer has had a reasonable opportunity to elect whether to rely on the advice of counsel.**

Like any other issue, the question of whether an accused infringer relied on the advice of counsel is not at issue in a case until the proponent of the defense—the accused infringer—places it at issue.

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<sup>27</sup> *SRI Int'l, Inc. v. Cisco Sys.*, No. 13-1534-RGA, 2020 WL 1285915, at \*2 (D. Del. Mar. 18, 2020) (“Cisco’s decision *not* to seek an advice-of-counsel defense is legally irrelevant.”) (emphasis added).

Prior to that time, evidence related to the issue of reliance is not “nonprivileged matter that is relevant to any party’s claim or defense and proportional to the needs of the case,” and, hence, not within the scope of discovery contemplated by Rule 26(b)(1).

**Best Practice 5 – An election to rely on the advice of counsel should not be required until the accused infringer can make an informed decision on the issue. The timing of the election should be such as to allow sufficient opportunity for the patent owner to fully discover the relevant facts without jeopardizing the trial date.**

Because a reliance-on-counsel defense carries with it a waiver of any privilege associated with the advice relied on, it would be unfair to require an accused infringer to choose whether or not to rely upon advice of counsel until such time as the record is sufficiently developed to make that choice an informed one. Many jurisdictions adopting model or uniform patent rules have elected to require such disclosure within a specified period following the entry of a claim construction ruling.<sup>28</sup> Because claim construction typically follows the parties’ disclosure of their infringement and invalidity contentions, WG10 endorses this prevalent practice as the best one in that it is likely to defer the election until after the parties and the court have committed to contentions and claim constructions defining the substantive controversy between the parties.

Some jurisdictions tie the election date not to the claim construction date, but to the earlier of a specified date in advance of the close of factual discovery or following a summary judgment ruling determining that there will be a willfulness issue in the case.<sup>29</sup> Another option is to simply require that a date will agreed upon by the parties.<sup>30</sup> These practices are consistent with the Best Practice endorsed here, provided that (as one would expect given the potential importance of claim construction to the issue) the court’s claim construction ruling is sufficiently in advance of the specified election date. Courts adopting scheduling protocols of this sort may want to consider techniques such as committing to a ruling date on claim construction issues or otherwise planning to

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<sup>28</sup> See, e.g., N.D. Cal. Local Patent Rules (N.D. Cal LPR), Rule 3-7 (disclosure 30 days after claim construction ruling) and N.D. Ill. LPR, Rule 3.6 (disclosure 7 days after claim construction ruling). Here and throughout, we refer primarily to the Local Patent Rules in the E.D. Tex., the N.D. Cal., the N.D. Ill., and the E.D.N.C. as exemplary. The full text of the patent rules in these jurisdictions can be found at the following URLs: E.D. Tex., <http://www.txed.uscourts.gov/?q=patent-rules>; N.D. Cal., <https://www.cand.uscourts.gov/rules/patent-local-rules/>; N.D. Ill., <https://www.ilnd.uscourts.gov/LocalRules.aspx>; E.D.N.C., <http://www.nced.uscourts.gov/pdfs/Local%20Patent%20Rules%20January%202019.pdf>. Other jurisdictions with local patent rules that specifically address the disclosure of opinions of counsel use various permutations of the provisions discussed in the text for our exemplary jurisdictions. The relevant local patent rules referenced in this publication are those for the following jurisdictions: N.D. Ga., <http://www.gand.uscourts.gov/sites/default/files/NDGARulesPatent.pdf>; E.D.N.Y., <https://img.nyed.uscourts.gov/files/general-ordes/ADMINORDER2013-02.PDF>; S.D.N.Y., [https://www.nysd.uscourts.gov/sites/default/files/pdf/Standing\\_Order\\_In\\_re\\_Local\\_Patent\\_Rules.pdf](https://www.nysd.uscourts.gov/sites/default/files/pdf/Standing_Order_In_re_Local_Patent_Rules.pdf); N.D.N.Y., [https://www.nynd.uscourts.gov/sites/nynd/files/local\\_rules/2020\\_Local\\_Patent\\_Rules.pdf](https://www.nynd.uscourts.gov/sites/nynd/files/local_rules/2020_Local_Patent_Rules.pdf); N.D. Ohio, <https://www.ohnd.uscourts.gov/local-patent-rules>; M.D.N.C., [https://www.ncmd.uscourts.gov/sites/ncmd/files/PAT\\_LR\\_2018.pdf](https://www.ncmd.uscourts.gov/sites/ncmd/files/PAT_LR_2018.pdf); W.D. Pa., <https://www.pawd.uscourts.gov/sites/pawd/files/Local%20Patent%20R%20-%202012-5-2015.pdf>; W.D. Tenn. <https://www.tnwd.uscourts.gov/pdf/content/LocalPatentRules.pdf>; N.D. Tex., <http://www.txnd.uscourts.gov/sites/default/files/orders/misc/Misc62-3.pdf>; D. Utah <https://www.utd.uscourts.gov/local-patent-rules>; E.D. Wash., <https://www.waed.uscourts.gov/local-patent-rules>; and W.D. Wash., <https://www.wawd.uscourts.gov/sites/wawd/files/LRPatentRules-Final.pdf>.

<sup>29</sup> E.g., E.D.N.C. LPR, Rule 303.8(a).

<sup>30</sup> E.g., E.D. Tex. LPR, Rule 3-7 (disclosure as specified in the docket control order).

assure the appropriate sequencing of the entry of a claim construction order and the deadline for electing a reliance-on-counsel defense.

A problem may arise where circumstances delay issuance of a claim construction ruling until shortly before the close of discovery or even after the close of discovery. Where no claim construction opinion has been issued 90 days before the close of discovery, and where an extension of the close of discovery would jeopardize a trial date, WG10's best practice recommendation is to require the accused infringer to make its election notwithstanding the lack of a claim construction ruling.<sup>31</sup> By 90 days before the close of fact discovery, the accused infringer should at least have in hand a set of infringement and validity contentions (*see* discussion in the following paragraph) sufficient to provide notice of the likely substantive contours of the case. Requiring an election under these circumstances is not opportune, as the court's claim construction is missing, but it does balance the defendant's need to make a fully informed decision on the waiver issue and the patent owner's and the court's interest in preserving the integrity of the trial schedule. Where the need for such a fail-safe election date may arise, it should be provided for in the court's scheduling or docket control order at the outset of the case.

An important part of the information that an accused infringer may want to consider when determining whether to rely on an advice-of-counsel defense is the patent owner's contentions on the issues addressed by the advice of counsel; typically, whether or not the patent is valid and infringed. In many jurisdictions, disclosure of the patent owner's infringement contentions and the accused infringer's invalidity contentions is required by rule. In some of these jurisdictions, responsive noninfringement and validity contentions are also required. Typically, such disclosures are to be made sufficiently in advance of claim construction, so that the claim construction order is the last piece of information relating to the substantive scope of the case that the accused infringer needs before determining whether to assert a reliance-on-counsel defense. In those jurisdictions where such disclosures are not specified by rule, the burden will be on the accused infringer to prepare and serve contention interrogatories directed to the infringement and validity issues at an early date, and to pursue appropriate motion practice where substantive contentions are not disclosed.

Finally, courts and the parties will want to consider the relationship between the time for electing a reliance-on-counsel defense and the time, if any, by which the patent owner is required to reduce the number of claims to be asserted at trial. In many cases, where only a handful of claims are at issue, this sequencing question will be of limited concern. However, there are a nontrivial number of patent cases where multiple or even dozens of patents, and dozens or even hundreds of claims, are asserted at the outset of the litigation. Under these circumstances, it is highly unlikely that the patent owner will want to try all of the initially asserted claims. Often a court will conclude that trial of hundreds of claims would pose undue burdens on the court and parties and insuperable issues of juror confusion and will require the patent owner to reduce the number of claims prior to trial, sometimes in several phased-down selections. Where it is clear at an early point in the case that the number of claims will likely be reduced, the court should consider whether the accused infringer should be required to assert or waive a reliance-on-counsel defense before the patent owner reduces the number of claims at issue.

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<sup>31</sup> WG10 recognizes that in some jurisdictions with very short times to trial, 90 days may not be the right time frame, and this deadline should be adjusted accordingly.



**Best Practice 6 – An election to rely on advice of counsel should be accompanied by a disclosure sufficient to enable the patent owner to secure requisite discovery on the reliance issue without materially disrupting the case schedule.**

An election to rely on an opinion of counsel should be made in writing and should include sufficient detail to permit prompt resolution of any issues arising as to the scope of the electing party's waiver of any relevant privileges or immunities and to permit prompt discovery of all related facts.

Commonly, the jurisdictions addressing the issue by rule require the following disclosures when an accused infringer elects to pursue a reliance-on-advice-of-counsel defense:<sup>32</sup>

- Production of written advice and related documents related for which the attorney-client privilege has been waived.
- A privilege log identifying any withheld documents relating to the subject matter of the advice, except for documents authored by counsel acting solely as trial counsel.

Of these jurisdictions, some also require the following disclosures at the time of election:

- A summary of oral advice and documents related thereto for which the attorney-client privilege has been waived.<sup>33</sup>
- A copy of all materials or information provided to the attorney in connection with soliciting the advice.<sup>34</sup>
- A copy of all attorney work product developed in the course of preparation of the opinion and disclosed to the client.<sup>35</sup>
- A log of the date, sender, and recipient (but not the substance) of all written or oral communications with the law firm providing the opinion that discusses the same subject matter as the opinion.<sup>36</sup>
- Any other opinions that address the same subject matter.<sup>37</sup>

It is the view of WG10 that fuller disclosure at the time of election is, in most cases, better disclosure. Because the deadline for electing a reliance-on-counsel defense is generally deferred until the end of discovery, there is typically limited time within which to conduct the pertinent discovery;

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<sup>32</sup> N.D. Cal LPR, Rule 3-7; N.D. Ill. LPR, Rule 3-6; and E.D. Tex LPR 3-7.

<sup>33</sup> N.D. Cal. LPR, Rule 3-7.

<sup>34</sup> N.D. Ill. LPR, Rule 3.6(b)(2).

<sup>35</sup> *Id.*, Rule 3.6(3).

<sup>36</sup> *Id.*, Rule 3.6(4).

<sup>37</sup> E.D.N.C. LPR, Rule 303.8(b)(5).

particularly in light of the likelihood that there will often be disputes concerning the scope of the waiver. Because the proponent of the reliance-on-counsel defense will have been on notice that an election will need to be made, and because information regarding potentially discoverable subject matter is uniquely within the proponent's knowledge and (usually) control, WG10 believes that it would be appropriate to require the proponent to disclose information sufficient to permit the parties and the court quickly to frame any residual discovery disputes for prompt resolution. To that end, absent a showing of special facts that would excuse disclosure, all of the items of disclosure summarized above are best provided at the earliest possible date, as all of them normally will be properly discoverable. In addition to the items listed above, WG10 also believes that it would be appropriate for the proponent of the reliance-on-counsel defense to identify at the time of election which individuals relied on the advice of counsel, and to describe the circumstances under which the advice of counsel was communicated to those individuals, including the date of the communication, the method of communication, and the individual or individuals making the communication.

Finally, the parties and the court should anticipate that there will be disputes about the scope of the waiver arising from a reliance-on-counsel defense and make appropriate arrangements to maximize the probability that such disputes can be timely resolved without jeopardizing the trial schedule. Preferably as part of the scheduling order in the case, the parties, in consultation with the court, should normally provide for a procedure for resolving issues relating to the sufficiency of an election disclosure consistent with other scheduled milestones in the case affected by the issue. Such a procedure should provide for timely resolution of any issues relating to the adequacy of an election disclosure, including whether the disclosure is consistent with the scope of waiver arising from the election. Examples of such procedures include the use of letter briefs to frame the waiver issue for the court and/or in-person or telephonic hearings. It may be appropriate to require that, absent good cause shown, objections to the sufficiency of a disclosure or scope-of-waiver issues must be raised within a specified period so that they can be addressed in a manner consistent with the case schedule.

**Best Practice 7 – Where an accused infringer elects to rely on an advice-of-counsel defense, disclosure of advice or communications with counsel acting solely as trial counsel and made in anticipation of litigation, or disclosure of joint defense communications made in anticipation of litigation, is generally not required.**

In a portion of *Seagate* not overruled by *Halo*, the Federal Circuit found that, “as a general proposition, . . . asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel.” The Federal Circuit was careful to qualify this holding, however, noting that, “We do not purport to set out an absolute rule. Instead, trial courts remain free to exercise their discretion in unique circumstances to extend waiver to trial counsel, such as if a party or counsel engages in chicanery.”<sup>38</sup> Accordingly, most jurisdictions do not require producing or logging documents “relating to the subject matter of the opinions” relied on where such documents are “authored by counsel acting solely as trial counsel.”<sup>39</sup> As a general matter, WG10 agrees that this is an appropriate line to draw,

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<sup>38</sup> *In re Seagate Tech., LLC*, 497 F.3d 1360, 1374–75 (Fed. Cir. 2007); *see also id.* at 1375–76 (reaching similar conclusion regarding waiver of work-product immunity).

<sup>39</sup> *E.g.*, N.D. Cal. LPR, Rule 3-7(c); E.D. Tex LPR, Rule 3-7(b).

but notes that the prevailing rule exempts only documents “authored by counsel acting *solely* as trial counsel.”<sup>40</sup> Protecting the mental impressions of trial counsel is, of course, a well-recognized principle limiting access to otherwise discoverable facts. However, where trial counsel has played a role in the opinion process, that policy is potentially at odds with the patent owner’s right to test the good-faith basis for the accused infringer’s reliance on the opinion in question. At the one extreme is the situation where trial counsel and opinion counsel are the same person. Under these circumstances, waiver of the privilege insofar as it would normally protect counsel’s opinions will typically waive the privilege as to all of counsel’s opinions relating to the same subject matter.<sup>41</sup> Such a waiver may or may not extend past the date on which the lawsuit is commenced, depending on the facts and circumstances such as, for example, whether post-filing events are pertinent to the good faith of the opinion and the party’s reliance thereon and/or whether there is reason to doubt the good faith of a party’s defense of the lawsuit. At the other extreme is the situation where trial counsel has not communicated with opinion counsel except to review the opinion in anticipation of litigation. Under these circumstances, disclosure of trial counsel’s role seems unlikely to go to the bona fides of the opinion process, and necessarily implicates trial counsel’s mental impressions of the opinion in essentially the same way as would disclosure of trial counsel’s evaluation of any other piece of material evidence.

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<sup>40</sup> We note that some jurisdictions do not explicitly exempt opinions of trial counsel from disclosure, requiring disclosure of any “other” opinions of counsel that “discuss the same subject matter” as the opinion relied upon, (E.D.N.C. and M.D.N.C.). Still other jurisdictions require disclosure of any documents that are “related” to opinions of counsel, and as to which the privilege has been waived. (E.D.N.Y.; S.D.N.Y.; N.D. Ohio; W.D. Tenn.; and D. Utah). Taken literally, these rules might be read to require disclosure of trial counsel opinions. WG10 has not found any case law to date indicating whether or not they are so applied or, if so, under what circumstances.

<sup>41</sup> This is an instance of “the widely applied standard . . . that the waiver applies to all other communications relating to the same subject matter,” *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005), which, in the context of a case involving reliance on an opinion of counsel, means that the waiver extends to “any document or opinion that embodies or discusses a communication to or from [the alleged infringer] concerning whether [the patent at issue] is valid, enforceable, and infringed by the accused . . . includ[ing] not only letters, memorandum, conversation, or the like between attorney and client, but also . . . any documents referencing a communication between attorney and client.”). *In re EchoStar Commc'ns Corp.*, 448 F.3d 1296, 1304 (Fed. Cir. 2006). The scope of such a waiver is generally said to include communications with opinion counsel who also plays a role as litigation counsel. *E.g.*, *Celerity, Inc. v. Ultra Clean Holding, Inc.*, 476 F.Supp.2d 1159, 1166 (N.D. Cal. 2007) (holding that reliance on opinion of counsel waived privilege as to all communications with trial counsel, where trial counsel and opinion counsel were members of the same firm); *see also* *Tyco Healthcare Grp., LP v. E-Z-EM, Inc.*, 2010 WL 2079920, at 2–4 (E.D. Tex. May 24, 2010) and *Krausz Indus. Ltd. v. Smith-Blair, Inc.*, 2016 WL 10538004, at \*9–10. *Compare* *Alloc, Inc. v. Pergo, LLC*, 2010 WL 3808977 (E.D. Wisc. Sept. 23, 2010) (holding that reliance on opinion did not waive privilege as to communications between client and current trial counsel notwithstanding that opinion counsel had originally served as trial counsel, where opinion counsel’s litigation role was terminated).

## IV. Expert Discovery

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The case law on the admissibility of expert testimony on willfulness issues appears to be highly bound to the facts at issue in each particular case. Accordingly, the appropriate standard for evaluating the admissibility of expert testimony on willfulness issues in post-*Halo* cases does not require a new set of rules; rather, it requires a careful application of the established rules in light of the post-*Halo* issues for which expert testimony is offered. A not insignificant body of case law on the admissibility of expert testimony was developed during the years preceding *Seagate's* formulation of the “objective” willfulness doctrine. We summarize the pre- and post-*Seagate* case law below, together with the handful of cases addressing the admissibility of expert testimony on willfulness issues in the post-*Halo* era.

**Best Practice 8 – The admissibility of expert evidence on willfulness issues is appropriate only in limited circumstances and should be carefully circumscribed to avoid usurping the role of the judge or the jury.<sup>42</sup>**

Broadly speaking, the issues that seem to be most conducive to useful expert testimony include industry norms and the standard of care against which the “egregiousness” of an accused infringer’s conduct may be measured, and this will be the focal point of the discussion in this section.<sup>43</sup> The types of expert testimony that appear to be most disfavored are opinions relating to the applicable legal standards, the ultimate question of willfulness, the application of the facts to the law, mere summaries of the willfulness evidence, or any other opinion that seems to usurp the role of the judge or the jury.

The touchstone for the admissibility of expert testimony is the well-known standard of Federal Rule of Evidence 702.<sup>44</sup>

The potential scope of testimony admissible under that Rule necessarily is defined by the issues to be assessed.

In *Seagate*, the Federal Circuit characterized the willfulness standard it had earlier promulgated in cases such as *Underwater Devices v. Morrison-Knudsen*<sup>45</sup> as whether an infringer’s behavior satisfied the

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<sup>42</sup> See Best Practice 20 from The Sedona Conference, *Commentary on Patent Litigation Best Practices: Use of Experts, Daubert, and Motions in Limine Chapter* (Dec. 2015), [https://thesedonaconference.org/publication/Commentary\\_on\\_Patent\\_Litigation\\_Best\\_Practices\\_Use\\_of\\_Experts](https://thesedonaconference.org/publication/Commentary_on_Patent_Litigation_Best_Practices_Use_of_Experts) (“Experts should not be permitted to opine as to the intent element of inequitable conduct or willful infringement.”).

<sup>43</sup> Similarly, courts have recognized that technical questions related to alleged copying may be helpfully illuminated by competent expert testimony. This subject matter is outside the scope of the discussion in this section.

<sup>44</sup> Rule 702 provides that expert opinion evidence may be admitted where the witness “is qualified as an expert by knowledge, skill, experience, training, or education” and where: “(a) the expert’s scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue; (b) the testimony is based on sufficient facts or data; (c) the testimony is the product of reliable principles and methods; and (d) the expert has reliably applied the principles and methods to the facts of the case.” FED. R. EVID. 702.

<sup>45</sup> *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983).

applicable “duty of care” considered “in light of all the circumstances.”<sup>46</sup> Under this pre-*Seagate* standard, “expert testimony was sometimes allowed to establish whether an accused infringer had a reasonable basis for believing it had a right to do the infringing acts, but otherwise, expert testimony on willfulness was disfavored.”<sup>47</sup> *Seagate* recast the willfulness inquiry as turning on the presence or absence of “objective” and “subjective” “recklessness.”<sup>48</sup> This reformulation of the willfulness test did not materially change the range of expert testimony admitted in connection with the subjective willfulness inquiry.<sup>49</sup>

In *Halo*, the Supreme Court rejected the *Seagate* standard, holding instead that “The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate . . . . [Such damages] are not to be meted out in a typical infringement case, but are instead designed as a ‘punitive’ or ‘vindictive’ sanction for egregious infringement behavior” and “are generally reserved for egregious cases of culpable behavior.”<sup>50</sup> The question, thus, is whether this new standard requires a rethinking of the applicability of Rule 702 to the trial of willfulness issues.

The restriction of enhanced damages to “egregious cases of culpable behavior” necessarily begs the question: egregious as compared to what? And that question, in turn, invites evidence on the issues where expert testimony was commonly heard in the pre-*Seagate* cases: relevant industry and professional norms. Where the court concludes that one or more of the *Read* factors is relevant to willfulness in a given case, then expert testimony may be appropriate as to one or more of the factors.

The issues on which expert testimony has been deemed improper are those where the expert is substituting his or her judgment for that of the trier of fact or the court. Thus, expert willfulness testimony has frequently been excluded where it went to an accused infringer’s state of mind or an ultimate issue requiring the application of the law to the facts of the case and where no expertise is required in making such an assessment. Often, the cases balance these considerations, allowing expert opinion as to certain underlying facts, while precluding expert opinion as to the issues properly reserved for the judge or jury.

Examples of situations where a court has permitted expert opinion on professional or industry norms have included the following:

- Testimony regarding the sufficiency of an opinion of counsel offered as a defense to willfulness<sup>51</sup>

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<sup>46</sup> *In re Seagate Tech., LLC.*, 497 F.3d 1360, 1368–69, 1371 (Fed. Cir. 2007).

<sup>47</sup> Elizabeth Iglesias, *Proving Willful Infringement: Is There a Role for Experts?*, 5 LANDSLIDE (No. 2) 47 (2012).

<sup>48</sup> 497 F.3d at 1371.

<sup>49</sup> Iglesias, *supra* n.47.

<sup>50</sup> *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1932 (2016).

<sup>51</sup> *E.g.*, *Mass Engineered Design, Inc. v. Planar Sys., Inc.*, No. 3:16-cv-1510-SI, 2017 WL 2642277, at \*15 (D. Or. June 19, 2017) (deferring ruling on admissibility of expert opinion as to the quality of a noninfringement opinion or the reasonableness of the defendant’s reliance on an oral representation as to the existence of that opinion to a later

- Testimony regarding compliance or noncompliance with professional norms relating to responding to notices of infringement<sup>52</sup>
- Testimony regarding compliance or noncompliance with professional norms relating to patent clearance procedures<sup>53</sup>

If, however, no opinion of counsel is offered as a defense, such testimony may not include a position that an opinion of counsel is required because that would be inconsistent with Section 298.

Examples of situations where courts have permitted expert opinion on technical issues in assessing a willfulness claim have included the following:

- Testimony as to whether a technically complex accused product is in fact a copy of a plaintiff's patented product<sup>54</sup>
- Testimony as to what a file history in a matter shows as to a party's knowledge of the asserted patents<sup>55</sup>

Examples of instances where experts are properly excluded from opinion as to a party's state of mind have included the following:

- Expert opinion as to an accused infringer's intent to copy a patented product<sup>56</sup>

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motion *in limine*, noting that such opinion testimony “may be relevant to rebut” a reliance on counsel defense, but that the admissibility of such testimony “may depend upon context and timing”); *Gen-Probe Inc. v. Becton Dickinson & Co.*, No. 10-CV-0602 BEN NLS, 2012 WL 9335913 at \*4 (S.D. Cal. Nov. 26, 2012); *Agere Sys., Inc. v. Atmel Corp.*, No. 02-CV-864, 2005 WL 6728525 (E.D. Pa. Feb. 23, 2005); *Iridex Corp. v. Synergetics, Inc.*, No. 4:05CV1916 CDP, 2006 WL 6869408 (E.D. Mo. Dec. 8, 2006); *Innogenetics, N.V. v. Abbott Labs.*, No. 05-C-0575-C, 2006 U.S. Dist. LEXIS 61076, at \*1–2 (W.D. Wis. Aug. 24, 2006).

<sup>52</sup> *Tyco Healthcare Group LP v. Applied Med. Res. Corp.*, No. 9:06-CV-151, 2009 WL 5842063 (E.D. Tex. Mar. 30, 2009); *Oxford Gene Tech. Ltd. v. Mergen Ltd.*, 345 F. Supp. 2d 431, 442–43 (D. Del. 2004).

<sup>53</sup> *Tyco Healthcare Group*, 2009 WL 5842063.

<sup>54</sup> *See, e.g., Bombardier Rec. Prods. Inc. v. Arctic Cat Inc.*, No. 12-2706 (JRT/LIB), 2017 WL 758335, at \*4 (D. Minn. Feb. 24, 2017) (allowing expert opinions on the accused infringer's alleged copying of the patentee's product, where the expert testimony “would help the jury understand the technical evidence and provide relevant context regarding the snowmobile industry for the jury to determine if copying occurred”); *see also U.S. Gypsum Co. v. Lafarge North Am. Inc.*, 670 F. Supp. 2d 768, 775 (N.D. Ill. 2009). Courts are reluctant to allow expert testimony as to alleged copying where no significant technical issues are presented or, in some instances, as to the ultimate question of the alleged copier's intent.

<sup>55</sup> *Spreadsheet Automation Corp. v. Microsoft Corp.*, 587 F. Supp. 2d 794, 803 (E.D. Tex. 2007) (excluding willfulness expert testimony regarding accused infringer's subjective intent, but allowing expert testimony where witness “expertise on patent prosecution . . . may be helpful to the jury in deciding what Defendant knew, when it knew it, and what intent its actions may therefore reflect”).

<sup>56</sup> *Sonos, Inc., v. D&M Holdings Inc.*, 297 F. Supp. 3d 501, 521 (D. Del. Nov. 1, 2017) (Bryson, CJ, sitting by designation) (striking patentee's technical expert's opinion on copying because the court concluded that the testimony “is not likely to be helpful to the jury, which is fully competent to evaluate the evidence and draw its own conclusion about whether D&M copied Sonos's technology and products” and where expert merely summarized

- Expert opinion as to an accused infringer’s knowledge of the patent or patents-in-suit<sup>57</sup>
- Expert opinion as to a party’s intent as to a known patent right<sup>58</sup>

An example of instances where experts are properly excluded from opining as to the ultimate issue are where expert testimony is purporting to summarize the applicable legal standard and apply it to nontechnical evidence of willfulness.<sup>59</sup>

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the evidence as to the defendant’s knowledge of the asserted patents and opined that D&M sought to make products with Sonos-like features); *Mass Engineered Design*, 2017 WL 2642277, at \*14 (D. Or. June 19, 2017) (striking portions of expert report that “read[] largely like a legal memorandum”); *U.S. Gypsum*, 670 F. Supp. 2d at 775 (N.D. Ill. 2009) (allowing expert testimony as to copying, but precluding expert testimony as to the accused infringer’s intent).

<sup>57</sup> *Tyco Healthcare Group*, 2009 WL 5842063, at \*4 (allowing the plaintiff’s expert to testify as to “whether it is customary in this industry to obtain legal advice on the patents of other companies or individuals. What the court cannot permit is Goldstein’s opinion on whether Applied had actual knowledge of the patents-in-suit.”).

<sup>58</sup> *Spreadsheet Automation*, 587 F. Supp. 2d at 799 (excluding willfulness expert testimony regarding accused infringer’s subjective intent, but allowing expert testimony where witness’ “expertise on patent prosecution . . . may be helpful to the jury in deciding what Defendant knew, when it knew it, and what intent its actions may therefore reflect”); *Gen-Probe Inc. v. Becton Dickinson & Co.*, No. 10-CV-0602 BEN NLS, 2012 WL 9335913 at \*4 (S.D. Cal. Nov. 26, 2012) (allowing testimony as to the competency of the opinion of counsel but precluding testimony as to the state of mind or subjective intent of the accused infringer).

<sup>59</sup> *X-Tra Light Mfg. v. Acuity Brands, Inc.*, No. H-04-1413, 2007 WL 7117888, at \*1 (S.D. Tex. Feb. 13, 2007); *Mass Engineered Design*, 2017 WL 2642277, at \*14 (D. Or. June 19, 2017); *XY, LLC v. Trans Ova Genetics, LC*, No. 13-cv-0876-WJM-NYW, 2016 WL 97788 at \*4 (D. Colo. Jan. 8, 2016); *BorgWarner, Inc. v. Honeywell Int’l, Inc.*, 750 F. Supp. 2d 596 (W.D.N.C. 2010); *Iridex Corp. v. Synergetics, Inc.*, No. 4:05CV1916 CDP, 2006 WL 6869408 (E.D. Mo. Dec. 8, 2006); *Oxford Gene Tech., Ltd. v. Mergen Ltd.*, 345 F. Supp. 2d 431, 442–43 (D. Del. 2004); *Eolas Techs., Inc. v. Microsoft Corp.*, 270 F. Supp. 2d 997, 1008 (N.D. Ill. 2003).

## V. Pretrial and Trial

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### A. BIFURCATION

When willful infringement is alleged, litigants often question whether to bifurcate the trial to separate willfulness from liability. Practically, this can take the form of a completely separate trial with separate juries, or a staged trial with the same jury addressing liability and willfulness in separate phases. Courts have broad discretion to order bifurcation “[f]or convenience, to avoid prejudice, or to expedite and economize.”<sup>60</sup> Balancing economy and the potential for jury confusion and prejudice is a fact-intensive and case-by-case analysis. Patent holders asserting willful infringement often oppose bifurcation so that they can present the jury with evidence regarding the state of mind of the accused infringer while the jury is considering liability. On the other hand, accused infringers often argue for bifurcation, to protect against the possibility of infecting the jury’s consideration of liability with potentially prejudicial facts regarding “egregious” conduct. There is no clear answer, as each case presents a different balance of facts. WG10 has identified factors that may be helpful to consider when weighing concerns of fairness and efficiency in the context of bifurcating the issue of willfulness.

**Best Practice 9 – Whether to bifurcate willfulness is a case-specific inquiry. In determining whether to bifurcate the issue of willfulness, the following factors should be among those considered:**

- **the degree to which particular willfulness facts are intertwined with facts presented to the jury as part of the liability and/or damages case,**
- **the degree to which the particular allegations of the willfulness claim might prejudice a jury’s unbiased determination of liability and/or damages,**
- **the extent to which prejudice concerns may be addressed through motions *in limine* and/or jury instructions, and**
- **whether the trial will or should otherwise be bifurcated into liability and damages phases.**

The extent of overlap of issues and evidence to be presented regarding liability and willfulness is among the factors that should be weighed when considering bifurcation of willfulness. For example, claims of induced or contributory infringement place the accused indirect infringer’s state of mind directly at issue. If the jury must already consider and determine the defendant’s state of mind with respect to such indirect infringement claims, the fairness and efficiency benefits of bifurcation may be diminished. If no such allegations will be tried, there will be less overlap between liability and willfulness, and bifurcation may be more beneficial. Similarly, there may be other defenses or claims

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<sup>60</sup> FED. R. CIV. P. 42(b).



that implicate the accused infringer's state of mind or otherwise overlap with the willfulness facts. The greater the overlap, the less the benefit of bifurcation.

Another important factor to consider is the degree of prejudice likely to result to a defendant if liability and willfulness are tried together. For example, if an accused infringer's litigation conduct is placed at issue by the willfulness case, the risk of undue prejudice is particularly acute. Allegations of litigation misconduct would likely have no relevance to the liability case and would have a great potential for prejudice and confusion if the jury heard such evidence while considering liability. If such allegations form part of the willfulness allegations, bifurcation would be a clear path to avoid unfair prejudice to the defendant during the liability phase of the case. Another situation that may lead to prejudice or jury confusion if the issues of liability and willfulness are tried together is one in which the jury must determine the reasonableness of a defense the defendant presents at trial. In that situation, it may be more appropriate for a jury to decide first whether the infringement and invalidity positions have been proven by their respective burdens in phase one of a trial before then moving into phase two and assessing the reasonableness of those defenses. The reasonableness-of-litigation defenses may still be relevant after *Halo* if the accused infringer relied on those defenses during the time of infringement. Whether such a situation is implicated depends heavily on the nature of the accused infringer's defense to the willfulness allegation. Another situation that may cause prejudice is if the nature of the willfulness facts is so inflammatory that it may cause the jury to disregard the liability facts and seek to punish the accused infringer for its state of mind alone. Again, this factor is highly case-specific.

If the potential for prejudice exists due to the nature of the willfulness allegations, bifurcation is not the only solution to avoid such prejudice during the liability determination. Another avenue to avoid undue prejudice from allegations in a willfulness case is to cabin the evidence the patent holder is able to present through motions *in limine*. A patent holder facing a difficult motion to bifurcate might consider stipulating that certain evidence will not be presented as part of the willfulness case. Conversely, an accused infringer seeking to bifurcate may offer as an alternative to bifurcation that certain willfulness evidence not be introduced through a motion *in limine*. Such a presentation allows the court and parties to balance what evidence will be presented during the willfulness case against the prejudice that such evidence may cause to the liability case. Ultimately, this may put a patent holder in the position of electing a more broad-reaching willfulness case that is tried separately, or a more constrained willfulness case that is tried along with liability. Similarly, a court may be able to use jury instructions to mitigate the prejudice of presenting willfulness evidence to the jury at the same time as liability evidence.

Finally, if the liability and damages phases of the trial will otherwise be bifurcated, that may increase the merits of bifurcation of willfulness. Trying willfulness in the damages phase of the case may avoid potential prejudice during consideration of liability without resulting in significant inefficiency. However, if the arguments and evidence on liability and willfulness are closely intertwined and the other bifurcation factors are neutral, presenting the two together may nonetheless help to avoid jury confusion.

Should the court decide to bifurcate willfulness at trial, informing the jury of this fact up front may have a prejudicial effect on the jury against the patent holder. Some jurors may be incentivized to find no liability in the first stage to avoid extending their jury obligations with a second willfulness stage. But not informing the jury that trial is to be bifurcated until after the liability determination is made and the jury has found infringement may have a prejudicial effect against the infringer. Some

jurors, having thought their obligations were completed upon finding the defendant liable, may become frustrated and be more inclined to take out those frustrations by finding the defendant liable for willfulness as well.

Instead of advising the jury up front that willfulness will be bifurcated from liability, one way to mitigate against such prejudicial effects would be for the court to emphasize to the jury before the start of trial that the total time allocation for trial is x days, and all jurors should clear their personal schedules for the duration and be prepared to serve for this entire period of time.

## B. JURY INSTRUCTIONS

After *Halo*, if the question of willfulness is presented to a jury, courts should instruct jurors that they should find willful infringement only in egregious cases of culpable infringement behavior, measured by the conduct itself and/or the defendant's intent at the time of infringement.

The facts that may demonstrate the requisite culpable state of mind and behavior are varied. To provide guidance to the jury, some of the *Read* factors, including but not limited to deliberate copying and forming or failing to form a good-faith belief of noninfringement or invalidity, may be provided to the jury in appropriate cases.<sup>61</sup> The Supreme Court in *Halo* used certain language comparing the wrongful behavior of the willful infringer to that of a pirate. While there are a range of formulations that could be appropriate as jury instructions, the key guideposts of egregious conduct from *Halo* should be communicated to the jury.

**Best Practice 10 – Jury instructions on willful infringement should communicate that willful infringement should be found only in “egregious” cases involving the type of conduct listed in *Halo*. It may be helpful to instruct the jury as to those *Read* factors relevant to the willfulness inquiry based on the evidence of the record.**

The Supreme Court in *Halo* explained that the “egregious” conduct deserving the “‘punitive’ or ‘vindictive’ sanction” of enhanced damages has been described as “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.”<sup>62</sup> If a jury hears the question of willfulness, they should be provided these guideposts. WG10 recommends that jury instructions on willful infringement should communicate both that culpability is based on the actor's knowledge at the time of the infringement and should be found only in “egregious” cases involving the type of conduct listed in *Halo*, using the guidepost language provided by the Supreme Court.

Bar associations have revised their model patent jury instruction on willfulness to comport with the Supreme Court's ruling in *Halo*, and WG10 agrees that these model instructions may be helpful starting points when drafting instructions. The Model Patent Instructions of the Federal Circuit Bar

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<sup>61</sup> *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992). For a more detailed discussion of the *Read* factors, *see* Sect. VI (The Award of Enhanced Damages), *infra*.

<sup>62</sup> *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1932 (2016).

Association (FCBA)<sup>63</sup> and the American Intellectual Property Law Association (AIPLA)<sup>64</sup> both instruct that appropriate considerations in the willfulness analysis are whether the infringement behavior was deliberate, malicious, consciously wrongful, or done in bad faith. Such language tracks the *Halo* decision without repeating the “pirate” comparison. The FCBA instruction also specifies that “willful infringement is reserved for only the most egregious behavior,” and provides the *Read* factors. The AIPLA instruction is shorter and does not provide the *Read* factors. Either instruction may be a useful starting point depending on the evidence presented regarding willfulness.

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<sup>63</sup> MODEL PATENT JURY INSTRUCTIONS (FED. CIR. BAR ASS’N), available at <https://fedcirbar.org/Portals/0/File%20Manager/Resources/Publications/Model%20Patent%20Jury%20Instructions/May%202020%20FCBA%20Model%20Patent%20Jury%20Instructions.pdf?ver=2020-05-27-143325-243> (last revised May 2020).

<sup>64</sup> MODEL PATENT JURY INSTRUCTIONS, AIPLA, available at [https://www.aipla.org/docs/default-source/publications/2019-11-13---aipla-model-patent-jury-instructions.pdf?sfvrsn=1787faa5\\_0](https://www.aipla.org/docs/default-source/publications/2019-11-13---aipla-model-patent-jury-instructions.pdf?sfvrsn=1787faa5_0) (last revised November 2019).

## VI. *The Award of Enhanced Damages*

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As the Supreme Court noted in *Halo*, “Section 284 gives district courts the discretion to award enhanced damages against those guilty of patent infringement.”<sup>65</sup> However, enhanced damages do not automatically follow a willfulness determination. The fact finder (the jury or the judge) “must determine if an accused infringer is guilty of conduct, such as willfulness, upon which increased damages may be based.”<sup>66</sup> If willfulness is found, the district court then must “exercise[] its discretion to determine if the damages should be increased given the totality of the circumstances.”<sup>67</sup> It has long been recognized that when the evidence of willfulness was sufficient but relatively weak, and the issues at trial were very close, a district court may decide not to award enhanced damages. Thus, a finding of willful infringement, though a sufficient basis for an award of increased damages, does not compel such an award of enhanced damages, but merely permits it.<sup>68</sup> *Halo* emphasized that courts should take into account the particular circumstances of each case.<sup>69</sup> Enhancement, however, should be limited to egregious cases, not the “garden-variety” infringement case.<sup>70</sup> Thus, awarding enhanced damages should be the exception to the rule, not the norm in every-day patent infringement cases.

If enhanced damages are granted, the district court has the discretion to award damages “up to three times the amount found or assessed.”<sup>71</sup> “Treble” damages need not be awarded, and many decisions, while involving increased damages, do not involve treble damages.<sup>72</sup> The amount of enhancement “must bear some relationship to the level of culpability of the [infringer’s] conduct.”<sup>73</sup>

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<sup>65</sup> 136 S. Ct. at 1935.

<sup>66</sup> *Mentor H/S, Inc. v. Med. Device Alliance, Inc.*, 244 F.3d 1365, 1380 (Fed. Cir. 2001).

<sup>67</sup> *Id.*

<sup>68</sup> *Halo*, 136 S. Ct. 1923; *In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed. Cir. 2007); *Std. Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 455 (Fed. Cir. 1985); *Modine Mfg. Co. v. Allen Grp., Inc.*, 917 F.2d 538, 543 (Fed. Cir. 1990), *cert. denied*, 111 S. Ct. 2017 (1991).

<sup>69</sup> 136 S. Ct. at 1933.

<sup>70</sup> *Id.* at 1935.

<sup>71</sup> 35 U.S.C. § 284

<sup>72</sup> *See, e.g., Transclean Corp. v. Bridgewood Servs., Inc.*, 290 F.3d 1364, 1378 (Fed. Cir. 2002) (“[T]he district court enjoys discretion to choose whether to award enhanced damages to the claimant *and in what amount*. This discretion, however is limited to a trebling of the basic damage award.”) (emphasis in original) (quoting *Signtech USA, Ltd. v. Vutek, Inc.*, 174 F.3d 1352, 1358–59 (Fed. Cir. 1999)).

<sup>73</sup> *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 794 n.4 (Fed. Cir. 1995).

**Best Practice 11 – Certain *Read* factors may provide guidance in determining whether and how much enhancement is warranted, but the *Read* factors are nonexclusive factors, some focusing on the subjective state of mind of the accused infringer.**

While the *Seagate* case shielded the jury from most willfulness facts, the change in law may have little effect on the court's role in evaluating whether enhanced damages should be awarded.<sup>74</sup> The test set forth in *Read v. Portec*, identified nine factors that courts may consider regarding whether to award enhancement and, if so, by how much.<sup>75</sup> *Halo* makes clear, however, that enhancement of damages is discretionary and fact intensive based upon the unique facts of the case. As a result, the *Read* factors can serve as useful, but not mandatory or exclusive, guidance on whether enhancement is appropriate.

The nine nonexclusive *Read* factors for enhancement of damages are:<sup>76</sup>

- (1) whether “the infringer deliberately copied the ideas or design of another”;
- (2) whether “the infringer, when he knew of the other’s patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed”;

<sup>74</sup> See *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 859 (Fed. Cir. 2010) (“The test for willfulness is distinct and separate from the factors guiding a district court’s discretion regarding enhanced damages.”), *aff’d*, *Microsoft Corp. v. i4i P’ship*, 564 U.S. 91 (2011).

<sup>75</sup> One court has relied on the *Read* factors post-*Halo* as “useful guideposts in determining the egregious[ness] of the defendant’s conduct.” *Finjan, Inc. v. Blue Coat Sys., Inc.*, No. 13-CV-03999-BLF, 2016 WL 3880774, at \*16 (N.D.Cal. July 18, 2016). Another court notes that “[w]hile the *Read* factors remain helpful to this Court’s analysis, the touchstone for awarding enhanced damages after *Halo* is egregiousness.” *Trustees of Boston Univ. v. Everlight Elecs. Co., Ltd.*, 212 F.Supp.3d 254, 257 (D. Mass. 2016).

<sup>76</sup> In most cases addressing the *Read* factors, courts have considered each of the nine *Read* factors, noting whether each favored, disfavored, or was neutral to enhancement. See, e.g., *Tinnus Enters., LLC v. Telebrands Corp.*, 369 F. Supp. 3d 704, 726–27 (E.D. Tex. 2019) (finding that the fact the case was initiated by a failed attempt to design around the plaintiff’s invention and defendants’ continued litigation misconduct among other actions significant enhancement of damages was warranted); *Idenix Pharms. LLC v. Gilead Scis., Inc.*, 271 F. Supp. 3d 694, 703 (D. Del. 2017) (finding only two factors favor enhancement: deliberate copying and attempts to conceal misconduct and “[h]aving assessed each of the *Read* factors, and giving each appropriate weight under the particular circumstances presented here, the Court concludes that an award of enhanced damages is not at all warranted.”); *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 198 F. Supp. 3d 1343, 1350 (S.D. Fl. 2016) (“[E]xamination of the *Read* factors — particularly, factors 1, 2, 4, 5, 6, 7, and 9—strongly supports enhancement of damages in this case.”).

A minority of cases decided entirely not to use the *Read* factors in their analyses. See, e.g., *Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, 875 F.3d 1369, 1382–1383 (2017) (finding district court did not err by failing to address each of the *Read* factors because “the district court is not required to discuss the *Read* factors.”); *Cioffi v. Google, Inc.*, 2017 WL 4011143, at \*8 (E.D. Tex. September 12, 2017) (stating that “[t]he Court does not find application of the *Read* factors necessary in this case” despite the parties’ extensive briefing on the factors); *Sociedad Espanola de Electromedicina y Calidad, S.A. v. Blue Ridge X-Ray Co, Inc.*, 226 F. Supp. 3d 520, 532 (W.D.N.C. 2016) (holding “while consideration of the *Read* factors may be helpful, they are not dispositive of the issues at hand” and instead relying on a review of the particular circumstances of the case, including the trial record and arguments of the parties, to decline the award for enhanced damages).

<sup>77</sup> 35 USC § 298 eliminated the requirement in effect at the time of *Read* that an accused infringer investigate and get an opinion of counsel. But this second factor may still be relevant to a willfulness determination because an accused

- (3) the “infringer’s behavior as a party to the litigation”;
- (4) the accused infringer’s “size and financial condition”;<sup>78</sup>
- (5) the “closeness of the case”;
- (6) the “[d]uration of [infringer]’s misconduct”;<sup>79</sup>
- (7) whether the infringer took any “remedial action”;
- (8) whether the infringer had a “motivation [to] harm” the patentee; and
- (9) whether the infringer “attempted to conceal its misconduct.”<sup>80</sup>

As stated in *Read*, “The paramount determination in deciding to grant enhancement and the amount thereof is the egregiousness of the defendant’s conduct based on all the facts and circumstances . . . . The court must consider factors that render defendant’s conduct more culpable, as well as factors that are mitigating or ameliorating.”<sup>81</sup>

The objective standard required by *Seagate* has been replaced by *Halo*, but courts can still weigh the “closeness” of the case in the enhancement phase, and even award zero enhanced damages if the case is extremely close. Thus, even after *Halo*, the strength of the defenses presented at trial may be considered, but it may not be dispositive. However, under *Halo*, the culpability is generally measured against the knowledge of the actor at the time of the alleged conduct.<sup>82</sup> Therefore, both under the prior *Seagate* standard and when deciding whether to enhance damages after a verdict of willfulness

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infringer might try to show good faith with an advice-of-counsel defense or other legal investigation, and plaintiffs may try to show the lack of a good-faith belief in invalidity or noninfringement.

<sup>78</sup> Some courts applying this fourth factor post-*Halo* have found that if the losing party was large and wealthy, the factor weighed in favor of enhancement. *See, e.g.*, *Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107, 116 (E.D. Tex. 2017); *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 198 F. Supp. 1343, 1351–52 (S.D. Fla. 2016). Other courts found this factor did not materially impact the analysis. *See, e.g.*, *Siemens Mobility, Inc. v. Westinghouse Air Brake Techs. Corp.*, 2019 WL 3240521, at \*9 (D. Del. July 18, 2019) (“But the fact that Westinghouse could afford to pay an additional million dollars or so in damages does not provide a reason, under the circumstances here, to order it to do so.”).

Some courts found that the factor weighed against enhancement (or was neutral) if the enhanced damages would “unduly prejudice the defendant’s non-infringing business,” the business was smaller, or it had not turned a profit on the infringing product. *See, e.g.*, *Whirlpool Corp. v. TST Water, LLC*, 2018 WL 1536874, at \*6 (E.D. Tex. Mar. 29, 2018) (against); *Bio-Rad Labs. Inc. v. 10X Genomics, Inc.*, 2019 U.S. Dist. LEXIS 122912, at \*29, 2019 WL 3322322 (D. Del. July 24, 2019) (neutral).

<sup>79</sup> The timing that an infringer first developed a good-faith basis for its defenses may weigh in consideration of not only whether to enhance fees, but how much. If an infringer had not developed a good-faith defense at the time of first infringement but later acquired a good-faith basis for its defenses, the court may consider the duration of infringement without a defense when considering whether and how much to enhance damages. *See, e.g.*, *Juno Therapeutics, Inc. v. Kite Pharma, Inc.*, No. 2:17-cv-07639-SJO-KS, 2020 WL 2844410, at \*13 (C.D. Cal. Apr. 2, 2020).

<sup>80</sup> *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992); *see, e.g.*, *Funai Elec. Co., Ltd. v. Daewood Elecs. Corp.*, 616 F.3d 1357, 1376–77 (Fed. Cir. 2010) (affirming district court’s decision applying the *Read* factors and denying patentee’s request for enhanced damages); *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 858–59 (Fed. Cir. 2010) (affirming district court decision applying the *Read* factors and awarding patentee \$40 million in enhanced damages).

<sup>81</sup> *Read*, 970 F.2d at 826.

<sup>82</sup> 136 S. Ct. at 1933.

post-*Halo*, the court continues to have a legal basis to analyze the situation and come to a fair and just result.<sup>83</sup>

Courts should consider together whether and how much enhanced damages should be awarded. The amount of enhancement, if any, “must bear some relationship to the level of culpability of the [infringer’s] conduct.”<sup>84</sup>

If warranted, the court may consider having oral arguments (or in rare cases a separate evidentiary hearing) to assess factors after the conclusion of trial.

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<sup>83</sup> “After *Halo*, the objective reasonableness of the accused infringer’s positions can still be relevant for the district court to consider when exercising its discretion.” *WesternGeco L.L.C. v. ION Geophysical Corp.*, 837 F.3d 1358, 1363 (Fed. Cir. 2016), *rev’d on other grounds*, 138 S. Ct. 2129 (U.S. 2018).

<sup>84</sup> *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 794 n.4 (Fed. Cir. 1995).

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**“DIALOGUE  
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The Sedona Conference was founded in 1997 by Richard Braman in pursuit of his vision to move the law forward in a reasoned and just way. Richard’s personal principles and beliefs became the guiding principles for The Sedona Conference: professionalism, civility, an open mind, respect for the beliefs of others, thoughtfulness, reflection, and a belief in a process based on civilized dialogue, not debate. Under Richard’s guidance, The Sedona Conference has convened leading jurists, attorneys, academics, and experts, all of whom support the mission of the organization by their participation in conferences and the Sedona Conference Working Group Series (WGS). After a long and courageous battle with cancer, Richard passed away on June 9, 2014, but not before seeing The Sedona Conference grow into the leading nonpartisan, nonprofit research and educational institute dedicated to the advanced study of law and policy in the areas of complex litigation, antitrust law, and intellectual property rights.

The WGS was established to pursue in-depth study of tipping point issues in the areas of antitrust law, complex litigation, and intellectual property rights. It represents the evolution of The Sedona Conference from a forum for advanced dialogue to an open think tank confronting some of the most challenging issues faced by our legal system today.

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